

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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In re:	:	
	:	PROMESA
THE FINANCIAL OVERSIGHT AND	:	Title III
MANAGEMENT BOARD FOR PUERTO RICO	:	
	:	Case No. 17-BK-03283 (LTS)
as representative of	:	
	:	
THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i> ,	:	
	:	
Debtors. ¹	:	
-----	X	
In re:	:	
	:	PROMESA
THE FINANCIAL OVERSIGHT AND	:	Title III
MANAGEMENT BOARD FOR PUERTO RICO,	:	
	:	Case No. 17-BK-03566 (LTS)
as representative of	:	
	:	
THE EMPLOYEES RETIREMENT SYSTEM OF THE	:	
GOVERNMENT OF THE COMMONWEALTH OF	:	
PUERTO RICO,	:	
	:	
Debtor.	:	
-----	X	
	:	
THE SPECIAL CLAIMS COMMITTEE OF THE	:	
FINANCIAL OVERSIGHT AND MANAGEMENT	:	
BOARD FOR PUERTO RICO, ACTING BY AND	:	
THROUGH ITS MEMBERS,	:	Adv. Proc. No. 19-00356 (LTS)
	:	
and	:	
	:	
	:	
	:	

¹ The Debtors in these jointly-administered PROMESA title III cases (these "Title III"), along with each Debtor's respective title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are: (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (Bankruptcy Case No. 17 BK 3284) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric and Power Authority (Bankruptcy Case No. 17 BK 4780) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ALL TITLE III DEBTORS
(OTHER THAN COFINA AND PBA),

as co-trustees of

THE EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF PUERTO RICO,

Plaintiff,

v.

DEFENDANT 1M, *et al.*,

Defendants.

----- X
THE SPECIAL CLAIMS COMMITTEE OF THE
FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO, ACTING BY AND
THROUGH ITS MEMBERS,

and

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ALL TITLE III DEBTORS
(OTHER THAN COFINA AND PBA),

as co-trustees of

THE EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF PUERTO RICO,

Plaintiff,

v.

DEFENDANT 1R, *et al.*,

Defendant.

Adv. Proc. No. 19-00357 (LTS)

----- X
:
THE SPECIAL CLAIMS COMMITTEE OF THE
FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO, ACTING BY AND
THROUGH ITS MEMBERS,

and

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ALL TITLE III DEBTORS
(OTHER THAN COFINA AND PBA),

as co-trustees of

THE EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF PUERTO RICO,

Plaintiff,

v.

DEFENDANT 1H-78H,

Defendants.
----- X

Adv. Proc. No. 19-00359 (LTS)

THE SPECIAL CLAIMS COMMITTEE OF THE
FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO, ACTING BY AND
THROUGH ITS MEMBERS,

and

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ALL TITLE III DEBTORS
(OTHER THAN COFINA AND PBA),

as co-trustees of

Adv. Proc. No. 19-00361 (LTS)

THE EMPLOYEES RETIREMENT SYSTEM OF THE :
GOVERNMENT OF PUERTO RICO, :
 :
Plaintiff, :
v. :
 :
DEFENDANT 1G-50G, :
 :
Defendant. :
 :
-----X

DECLARATION OF NICHOLAS A. BASSETT

I, NICHOLAS A. BASSETT, hereby declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am Of Counsel with the law firm Paul Hastings LLP, co-counsel to the Official Committee of Unsecured Creditors of all Title III Debtors (the “Committee”)² in the above-captioned case.

2. I submit this declaration in support of the *Committees’ Motion for Summary Judgment on Ultra Vires Issues*.

3. Attached to this declaration as Exhibit 1 is a true and correct copy of excerpts from the deposition of Juan Cancel Alegria.

4. Attached to this declaration as Exhibit 2 is a true and correct copy of an August 7, 2007 PowerPoint Proposal to ERS from Merrill Lynch, ERS_0047061-97.

5. Attached to this declaration as Exhibit 3 is a true and correct copy of the Series A Official Statement.

6. Attached to this declaration as Exhibit 4 is a true and correct copy of the Series B Official Statement.

² The Committee is the official committee of unsecured creditors for all Title III Debtors, other than PBA and COFINA.

7. Attached to this declaration as Exhibit 5 is a true and correct copy of the Series C Official Statement.

8. Attached to this declaration as Exhibit 6 is a true and correct copy of the Expert Report of Robert Doty.

9. Attached to this declaration as Exhibit 7 is a true and correct copy of the Series A Letter of Representation to the Underwriters.

10. Attached to this declaration as Exhibit 8 is a true and correct copy of the Series B Letter of Representation to the Underwriters.

11. Attached to this declaration as Exhibit 9 is a true and correct copy of the Series C Letter of Representation to the Underwriters.

12. Attached to this declaration as Exhibit 10 is a true and correct copy of the Series A Purchase Contract.

13. Attached to this declaration as Exhibit 11 is a true and correct copy of the Series B Purchase Contract.

14. Attached to this declaration as Exhibit 12 is a true and correct copy of the Series C Purchase Contract.

15. Attached to this declaration as Exhibit 13 is a true and correct copy of the Series A Bond Resolution.

16. Attached to this declaration as Exhibit 14 is a true and correct copy of the Series B Bond Resolution.

17. Attached to this declaration as Exhibit 15 is a true and correct copy of the Series C Bond Resolution.

18. Attached to this declaration as Exhibit 16 is a true and correct copy of the First Supplemental Pension Funding Bond Resolution Authorizing Senior Pension Funding Bonds Series A.

19. Attached to this declaration as Exhibit 17 is a true and correct copy of the Second Supplemental Pension Funding Bond Resolution Authorizing Senior Pension Funding Bonds Series B.

20. Attached to this declaration as Exhibit 18 is a true and correct copy of the Third Supplemental Pension Funding Bond Resolution Authorizing Senior Pension Funding Bonds Series C.

21. Attached to this declaration as Exhibit 19 is a true and correct copy of excerpts from the deposition of Luis Collazo-Rodriguez.

22. Attached to this declaration as Exhibit 20 is a true and correct copy of the AUM 13F fund summary for Redwood Capital Management LLC, available at <https://aum13f.com/firm/redwood-capital-management-llc>.

23. Attached to this declaration as Exhibit 21 is a true and correct copy of the AUM 13F fund summary for Pentwater Capital Management LP, available at <https://aum13f.com/firm/pentwater-capital-management-lp>.

24. Attached to this declaration as Exhibit 22 is a true and correct copy of the Our Strategy website page for Centerbridge, available at <https://www.centerbridge.com/our-strategy/>.

25. Attached to this declaration as Exhibit 23 is a true and correct copy of excerpts from the May 28, 2020, deposition of Richard Engman.

26. Attached to this declaration as Exhibit 24 is a true and correct copy of excerpts from the deposition of Jordan Mikes.

27. Attached to this declaration as Exhibit 25 is a true and correct copy of excerpts from the deposition of Luke Corning.

28. Attached to this declaration as Exhibit 26 is a true and correct copy of excerpts from the deposition of Christopher Delaney.

29. Attached to this declaration as Exhibit 27 is a true and correct copy of excerpts from the deposition of Justin Boyer.

30. Attached to this declaration as Exhibit 28 is a true and correct copy of excerpts from the deposition of Patrick Dowd.

31. Attached to this declaration as Exhibit 29 is a true and correct copy of the Fourth Supplemental Verified Statement of the ERS Secured Creditors Pursuant to Bankruptcy Rule 2019, which is marked as Exhibit 5 to the deposition of Christopher Delaney.

32. Attached to this declaration as Exhibit 30 is a true and correct copy of the May 27, 2020, declaration of Shanshan Cao.

33. Attached to this declaration as Exhibit 31 is a true and correct copy of the Puerto Rico Funds Supplemental Response to Interrogatory No. 17.

34. Attached to this declaration as Exhibit 32 is a true and correct copy of the Bondholders' Supplemental Response to Interrogatory No. 17.

35. Attached to this declaration as Exhibit 33 is a true and correct copy of Bondholders' Supplemental Responses and Objections to the First Set of Interrogatories of the Committees and Government Parties to the ERS Bondholder Groups Related to the Ultra Vires Proceedings, which is marked as Exhibit 9 to the deposition of Richard Engman.

36. Attached to this declaration as Exhibit 34 is a true and correct copy of S. Feldstein and F. Fabozzi, ed., *The Handbook of Municipal Bonds, Ch. 14, The Role of the Underwriter*, at 265-71 (John Wiley & Sons, Inc. 2008).

37. Attached to this declaration as Exhibit 35 is a true and correct copy of the Expert Report of Dr. William (“Bart”) Hildreth.

38. Attached to this declaration as Exhibit 36 is a true and correct copy of excerpts from the deposition of Dr. William (“Bart”) Hildreth.

39. Attached to this declaration as Exhibit 37 is a true and correct copy of the Rebuttal Expert Report of Robert Doty.

40. Attached to this declaration as Exhibit 38 is a true and correct copy of Act 116-2011.

41. Attached to this declaration as Exhibit 39 is a true and correct copy of excerpts of E. Raymond Corey, *Direct Placement of Corporate Securities* (Harvard University Printing Office, 1951).

42. Attached to this declaration as Exhibit 40 is a true and correct copy of Myer Feldman, “Corey: *Direct Placement of Corporate Securities*,” 61 Yale L.J., Art. 11, Issue 3 (1952).

43. Attached to this declaration as Exhibit 41 is a true and correct copy of Thomas R. Atkinson, *Trends in Corporate Bond Quality* (1967).

44. Attached to this declaration as Exhibit 42 is a true and correct copy of excerpts of Neil O’Hara, *The Fundamentals of Municipal Bonds*, SIFMA, 6th Ed. (2012).

45. Attached to this declaration as Exhibit 43 is a true and correct copy of Amendments to Municipal Securities Disclosure, Exchange Act Release No. 34-83885, 83 Fed. Reg. 44700, 44702 (Aug. 31, 2018).

46. Attached to this declaration as Exhibit 44 is a true and correct copy of Mark S. Carey, *Recent Developments in the Market for Privately Placed Debt*, Federal Reserve Bulletin (Feb. 1993), available at https://fraser.stlouisfed.org/files/docs/publications/FRB/pages/1990-1994/33100_1990-1994.pdf.

47. Attached to this declaration as Exhibit 45 is a true and correct copy of Act 35-2007.

48. Attached to this declaration as Exhibit 46 is a true and correct copy of Act 3-2013.

49. Attached to this declaration as Exhibit 47 is a true and correct copy of excerpts of the July 28, 2020 Hr'g Tr., *In re. OneWeb Global Ltd.*, No. 20-22437-rdd (Bankr. S.D.N.Y.).

50. Attached to this declaration as Exhibit 48 is a true and correct copy of excerpts from the deposition of James Bolin.

51. Attached to this declaration as Exhibit 49 is a true and correct copy of excerpts from the June 11, 2019, deposition of Richard Engman.

52. Attached to this declaration as Exhibit 50 is a true and correct copy of excerpts from the deposition of Ricardo Ramos.

53. Attached to this declaration as Exhibit 51 is a true and correct copy of excerpts from the deposition of Shanshan Cao.

54. Attached to this declaration as Exhibit 52 is a true and correct copy of the May 22, 2020, declaration of James Bolin.

55. Attached to this declaration as Exhibit 53 is a true and correct copy of the May 22, 2020, declaration of Jordan Mikes.

56. Attached to this declaration as Exhibit 54 is a true and correct copy of the May 27, 2020, declaration of Patrick Dowd.

57. Attached to this declaration as Exhibit 55 is a true and correct copy of the May 22, 2020, declaration of Luke Corning.

58. Attached to this declaration as Exhibit 56 is a true and correct copy of the May 26, 2020, declaration of Justin Boyer.

59. Attached to this declaration as Exhibit 57 is a true and correct copy of excerpts of SV Credit's Supplemental Privilege Log.

60. Attached to this declaration as Exhibit 58 is a true and correct copy of the November 20, 2017 Reorg Research Article.

Dated: September 11, 2020
Washington, D.C.

/s/ Nicholas A. Bassett

PAUL HASTINGS LLP
Nicholas A. Bassett (*Pro Hac Vice*)

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